

Special Session

Agenda Item #	5 and 6
Meeting Date	May 7, 2007
Prepared By	Yovonda Brooks Director of Finance
Approved By	Barbara B. Matthews City Manager

Discussion Item	First reading of ordinances awarding contracts for preparation of the City's Comprehensive Annual Financial Report and for audit services
Background	<p>Historically, the City has utilized the services of one firm to assist in the preparation of the City's financial statements and to provide audit services. The last contract for these services was awarded in 2002 and was for a five-year period.</p> <p>Due to a change in auditing standards and to provide a higher degree of independence between the two activities, staff issued separate Requests for Proposal for the preparation of the City's Comprehensive Annual Financial Report and for the audit of the City's financial statements for a five-year period. A copy of the Request for Proposal was mailed to prospective bidders on March 30, 2007, and an announcement of the City's call for proposals was advertised in the <i>Washington Post</i> on April 11, 2007 and April 15, 2007.</p> <p>Of the two proposals received for audit services, staff recommends the retention of Clifton Gunderson, LLP. The firm has satisfactorily performed the City's annual audit for the last five years and does similar work for other local governments.</p> <p>Of the two firms that submitted proposals for the preparation of the City's Comprehensive Annual Financial Report, staff recommends the retention of Lindsey & Associates, LLC. The firm has performed similar services for other local governments.</p>
Policy	<p>The City Council must approve expenditures of \$10,000 or more.</p> <p>City Charter Section 821 requires an annual audit of the City's financial records. Article 19, Section 40 of the <i>Annotated Code of Maryland</i> requires that local governments in Maryland have annual audits. All Maryland local governments also must file yearly financial reports with the Department of Legislative Services pursuant to Article 19, Section 37 of the <i>Annotated Code of Maryland</i>.</p>
Fiscal Impact	<p>The fee proposed by Clifton Gunderson, LLP for the Fiscal Year 2007 audit is \$30,450. The fee proposed by Lindsey & Associates, LLP for the preparation of the Comprehensive Annual Financial Report for FY07 is \$14,000.</p> <p>The City Manager's proposed budget for FY08 includes funding in the amount of \$40,000 for the preparation of and audit of the City's financial report. The additional required funding of \$4,450 should be addressed during the reconciliation process.</p>
Attachments	Two-reading ordinances authorizing the execution of a five-year contract with Lindsey and Associates, LLC for the preparation of the City's Comprehensive Annual Financial Report and execution of a five-year contract with Clifton Gunderson, LLP for the audit of the City's financial statements.
Recommendation	Staff recommends that the Council adopt the attached ordinances for first reading.

Special Consideration	
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CITY OF TAKOMA PARK, MARYLAND

ORDINANCE NO. 2007-

**AUTHORIZING EXECUTION OF A CONTRACT
FOR AUDITING SERVICES**

WHEREAS, the City Charter, Article VIII, Section 821 and Annotated Code of Maryland, Article 19, Section 40 require an annual audit of the financial records of the City; and,

WHEREAS, in accordance with City procurement procedures, staff solicited proposals for the audit of the City's financial statements; and,

WHEREAS, in response to the City's solicitation, two proposals were received; and,

WHEREAS, staff recommends the retention of Clifton Gunderson, LLP to perform the annual audit of the financial records of the City for a five-year period, renewable on an annual basis contingent on the City's satisfaction with the firm's performance.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND THAT:

SECTION 1. The proposal received from Clifton Gunderson LLP Certified Public Accountants to perform the audit of the City's financial report for a five-year term beginning with fiscal year 2007 is accepted, with the cost for each year as follows:

Fiscal Year 2007 Audit	\$30,450
Fiscal Year 2008 Audit	\$32,582
Fiscal Year 2009 Audit	\$34,211
Fiscal Year 2010 Audit	\$35,921
Fiscal Year 2011 Audit	\$37,717

SECTION 2. The City Manager is hereby authorized to enter into a five-year contract with Clifton Gunderson LLP for the audit of the City's financial report.

SECTION 3. This ordinance shall become effective upon adoption.

Adopted by the Council of the City of Takoma Park, Maryland, this ____ day of May, 2007 by roll call vote as follows:

AYE:

NAY:

ABSTAIN:

ABSENT:

CITY OF TAKOMA PARK, MARYLAND

ORDINANCE NO. 2007-

**AUTHORIZING EXECUTION OF A CONTRACT
FOR PREPARATION OF THE CITY'S
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

WHEREAS, Annotated Code of Maryland, Article 19, Section 37 requires all Maryland local governments to file yearly financial reports with the Department of Legislative Services; and

WHEREAS, in accordance with City procurement procedures, staff solicited proposals for the preparation of the City's Comprehensive Annual Financial Report; and,

WHEREAS, in response to the City's solicitation, two proposals were received; and,

WHEREAS, staff recommends the retention of Lindsey & Associates, LLC to prepare the City's Comprehensive Annual Financial Report for a five-year period, renewable on an annual basis contingent on the City's satisfaction with the firm's performance.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND THAT:

SECTION 1. The proposal received from Lindsey & Associates, LLC to prepare the City's Comprehensive Annual Financial Report (CAFR) for a five-year term beginning with fiscal year 2007 is accepted, with the cost for each year as follows:

Fiscal Year 2007 CAFR	\$14,000
Fiscal Year 2008 CAFR	\$14,000
Fiscal Year 2009 CAFR	\$14,500
Fiscal Year 2010 CAFR	\$15,100
Fiscal Year 2011 CAFR	\$15,700

SECTION 2. The City Manager is hereby authorized to enter into a five-year contract with Lindsey & Associates, LLC for the preparation of the City's Comprehensive Annual Financial Report.

SECTION 3. This ordinance shall become effective upon adoption.

Adopted by the Council of the City of Takoma Park, Maryland, this ____ day of May, 2007 by roll call vote as follows:

AYE:

NAY:

ABSTAIN:

ABSENT: